

NORTH WEST COMPANY FUND INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular (this “Information Circular”) is furnished in connection with the solicitation of proxies by the Trustees (the “Trustees”) of North West Company Fund (the “Fund”) to be used at the Annual Meeting (the “Meeting”) of the holders (the “Unitholders”) of Trust Units (the “Units”) of the Fund to be held at the time and place and for the purposes stated in the Notice of Annual of Unitholders accompanying this Information Circular. The meeting will be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba, on Tuesday, June 5, 2007 at 11:30 a.m. (Winnipeg time). Information given herein is given as of April 20, 2007, except where otherwise indicated. The solicitation will be primarily by mail, but proxies may also be solicited by telephone or other means of communication or in person by Trustees, Directors, officers or employees of the Fund and/or The North West Company Inc. (the “Company”), a wholly owned subsidiary of the Fund, or by CIBC Mellon Trust Company, the Fund’s transfer agent. The cost of any such solicitation will be borne by the Fund.

The Fund, through CIBC Mellon Trust Company, has distributed copies of the Notice of Annual Meeting of Unitholders, Information Circular and Form of Proxy to clearing agencies, securities dealers, banks and trust companies, or their nominees (collectively, “intermediaries”) for onward distribution to unitholders whose units are held by or in the custody of such intermediaries (“non-registered unitholders”). Such intermediaries are required to forward the documents to non-registered unitholders unless such non-registered unitholders have waived the right to receive the material.

The solicitation of proxies from non-registered unitholders will be carried out by intermediaries, the Fund or CIBC Mellon Trust Company, if the names and addresses of non-registered unitholders are provided by such intermediaries.

ADVICE TO BENEFICIAL HOLDERS OF TRUST UNITS

Unitholders who do not hold their units in their own name (referred to herein as “Beneficial Unitholders”) are advised that only proxies from unitholders of record can be recognized and voted upon at the meeting. Non-registered unitholders who wish to file proxies should follow the directions of their intermediaries with respect to the procedure to be followed. Generally, non-registered unitholders will either:

- A. be provided with a request for voting instructions. The intermediary is required to send to CIBC Mellon Trust Company an executed form of proxy completed in accordance with any voting instructions received by it; or
- B. be provided with a form of proxy executed by the intermediary but otherwise uncompleted. The non-registered unitholder may complete the proxy and return it directly to CIBC Mellon Trust Company (see “Appointment and Revocation of Proxies”).

All references to unitholders in this Circular and the accompanying Notice of Annual Meeting are to unitholders of record unless specifically stated otherwise.

Applicable securities laws require intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should carefully be followed by Beneficial Unitholders in order to ensure that their units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder is identical to that provided to registered unitholders. However, its purpose is limited to instructing the registered unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Unitholders and asks Beneficial Unitholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the units to be represented at the Meeting. A Beneficial Unitholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote units directly at the meeting. The proxy must be returned to IICC well in advance of the meeting in order to have the units voted.

If you are a Beneficial Unitholder and wish to vote in person at the meeting, please contact your broker or agent well in advance of the meeting to determine how you can do so.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Trustees.

As indicated on the form of proxy, unitholders desiring to appoint some other person (who need not be a unitholder) to represent them at the meeting may do so by inserting such person's name in the blank space provided in the form of proxy, returning the completed proxy in the envelope provided, or delivering it to the attention of the Trustees of the Fund at the address set forth below.

Unitholders of record at the close of business on the April 20, 2007 (the "Record Date") are entitled to receive notice of, and to attend and vote at, the meeting and any adjournment thereof, except to the extent such unitholder transfers any of such unitholder's units after the Record Date and the transferee of those units establishes that the transferee owns the units and demands, not later than ten days before the meeting, that the transferee's name be included in the list of unitholders entitled to vote, in which case the transferee shall be entitled to vote the units at the meeting.

Unitholders unable to attend the meeting in person are requested to read the accompanying Information Circular and Form of Proxy and to complete, sign and date the proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with the Fund's transfer agent, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, ON, M1S 0A1, Attention: Proxy Department. To be effective, proxies must be received by CIBC Mellon Trust Company not later than 4:30 p.m. (Winnipeg time) on Friday, June 1, 2007 or, if the meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned meeting, or any further adjournment thereof. Unregistered unitholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

REVOCATION OF PROXIES

A unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by the unitholder or by the unitholder's attorney duly authorized in writing or, if the unitholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of CIBC Mellon Trust Company or at the Fund's head office, Attention: Secretary, by no later than 4:30 p.m. (Winnipeg time) on or before the last business day preceding the day of the meeting or any adjournment thereof, or with the Chair of the meeting on the day of the meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered unitholder attends personally at the meeting, such unitholder may revoke the proxy and vote in person. The head office of the Fund is located at 77 Main Street, Winnipeg, Manitoba R3C 2R1.

EXERCISE OF DISCRETION BY PROXIES

The person named in the enclosed form of proxy will vote the units, or withhold the units from voting, in respect of which he/she is appointed in accordance with the direction of the unitholder appointing him/her. In the absence of such direction, such units will be voted in favour of each of the matters referred to in the Notice of Annual Meeting of Unitholders. **The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Unitholders, and with respect to other matters which may properly come before the meeting.** As at the date of this Information Circular, the Trustees know of no such amendments, variations, or other matters to come before the meeting other than the matters referred to in the Notice of Annual Meeting of Unitholders.

VOTING UNITS, RECORD DATE AND PRINCIPAL HOLDERS THEREOF

The issued and outstanding capital of the Fund as at April 20, 2007, consists of 48,378,000 units to which are attached voting rights.

At all meetings of the unitholders, each unitholder is entitled to one vote for each unit registered in his/her name on the books of the Fund. Every question coming before the meeting shall, unless otherwise required by law or otherwise, be determined by the majority of votes duly cast on the question.

Unitholders of record as of the record date shall be entitled to receive notice of, and to attend and vote at, the meeting.

As at April 20, 2007 to the knowledge of the Trustees, CIBC Global Markets beneficially owns, directly or indirectly, or exercises control or direction over approximately 18% of the Fund's outstanding units.

THE FUND

The Fund is an open-ended mutual fund trust governed by the laws of the Province of Manitoba and created pursuant to a Declaration of Trust dated as of January 31, 1997 (the "Declaration of

Trust”), which was amended on March 2, 1997, June 4, 1998, February 25, 2003 and June 9, 2005. The Fund is administered by a Board of Trustees. The principal and head office of the Fund is located at 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

The Fund is a limited-purpose trust and is restricted to:

- (a) investing in such securities as may be approved from time to time by the Trustees;
- (b) disposing of any part of the assets of the Fund;
- (c) temporarily holding cash and investments for the purpose of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any units and making distributions to unitholders; and
- (d) undertaking such other business and activities as shall be approved by the Trustees from time to time provided that such business or activity does not result in the Fund not being considered either a “unit trust” or a “mutual fund trust” for purposes of the Income Tax Act.

EXECUTIVE COMPENSATION

Officers of the Fund are not compensated for their positions with the Fund, only for their positions with the Company. Accordingly there is no disclosure regarding compensation of officers of the Fund.

Summary Compensation Table

The following summary compensation table sets forth information concerning compensation awarded to, earned by or paid to the Company’s Chief Executive Officer (“CEO”), the Company’s Chief Financial Officer (“CFO”) and the Company’s three other highest paid executive officers, who were serving as executive officers at the end of the fiscal year and whose total salary and bonus exceeds \$150,000 (the “Named Executive Officers”) for services rendered in all capacities with respect to the three most recently completed financial years of the Company.

“LTIP” or “Long Term Incentive Plan” means any plan providing compensation intended to motivate performance over a period greater than one financial year, but does not include option or UAR plans or plans for compensation through restricted units.

“UAR” or “Unit Appreciation Right” means a right, granted by the Fund or the Company as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the units. Payouts under this plan are included as LTIP Payouts.

Name/ Principal Position	Financial Year	Annual Compensation			Long Term Compensation Payouts	
		Salary (Cdn \$)	Bonus (Cdn \$) (1)	Other Annual Comp. (Cdn \$) (2)	LTIP Payouts (Cdn \$)	All Other Compensation (Cdn \$) (3)
Edward S. Kennedy President & CEO	2006	554,231	630,000	172,927	0	1,780
	2005	518,846	571,781	134,710	0	1,241
	2004	459,231	366,188	133,657	0	74
Léo P. Charrière Executive Vice-President & CFO	2006	289,692	265,500	93,577	0	848
	2005	262,769	232,560	60,921	0	710
	2004	230,385	121,800	59,455	0	371
Russell J. Zwanka Executive Vice-President, Procurement & Marketing (4)	2006	273,692	244,533	84,165	0	582
	2005	120,192	83,376	20,493	0	149
	2004	0	0	0	0	0
Scott A. McKay Vice-President & General Manager, Giant Tiger, West (5)	2006	137,692	168,563	28,428	0	388
	2005	128,192	108,615	14,463	0	215
	2004	35,096	18,525	0	0	42
Karen J. Milani Vice-President, Human Resources	2006	158,615	120,000	45,904	0	432
	2005	149,385	109,725	34,177	80,000	386
	2004	133,076	60,300	32,474	107,520	201

(1) Target incentives for executives with overall corporate accountabilities are based on achievement of consolidated Earnings before Interest and Taxes (EBIT) targets for the entire Company adjusted for the cost of capital and unusual items. Target incentives for executives with business unit, region, store banner, or merchandise group ("Business Unit") accountabilities are based 80-90% on Business Unit EBIT and 10-20% on consolidated EBIT for the entire company adjusted for the cost of capital and specific items. Maximum incentives for all executives are 1.5 times the target incentive with the exception of S. McKay who is on a lower base, higher variable pay program to match Giant Tiger compensation philosophy. S. McKay's target incentive is 100% base salary with a maximum incentive of 150% of base salary.

(2) Includes the value of the interest benefit to officers on loans incurred to purchase units, and the amount paid to officers under the flexible spending plan. The Company has a Management Ownership Plan ("MOP") under which it pays, on behalf of certain eligible management employees (including the Named Executive Officers), interest costs over 2% per annum on certain loans incurred to purchase units. This program is being phased out with the benefit reducing as loans expire. The Company also has a Unit Purchase Loan Program ("UPLP") under which it pays, on behalf of officers (including the Named Executive Officers), full interest costs on loans approved by the Board of Directors to purchase units. The aggregate interest subsidy paid under both of these plans to Named Executive Officers for the financial year of the Company ended January 31, 2007, was \$297,378.

Breakdown of other compensation for the Named Executive Officers

Named Executive Officers	Flex Benefits (\$)	MOP Interest (\$)	UPLP Prescribed Interest (\$)	Total Other Compensation (\$)
Edward S. Kennedy	55,423	0	117,504	172,927
Léo P. Charrière	28,969	11,447	53,161	93,577
Russell J. Zwanka	27,369	7,975	48,821	84,165
Scott A. McKay	0	0	28,428	28,428
Karen J. Milani	15,861	5,964	24,079	45,904

(3) Includes the value of insurance premiums paid by the Company with respect to term life insurance for the officers, contributions made by the Company to the officers' defined contribution pension plan (it is not required to disclose contributions in the defined benefit plan made by the Company for officers), relocation allowance, and any other miscellaneous payments.

(4) Russell Zwanka joined the Company on August 8, 2005.

(5) Scott McKay joined the Company on October 20, 2004.

For the financial year of the Company ended January 31, 2007, the Company provided to all its officers a total of \$2,511,989 in salaries, \$1,973,734 in bonuses, \$516,380 in other annual compensation and \$5,045 in all other compensation.

UNIT OPTIONS AND DEFERRED UNITS PLAN

Unit Options and Deferred Unit Plan Grants in the Last Financial Year

Neither the Fund nor the Company has any unit options or UARs issued and outstanding.

SECURITIES AUTHORIZED UNDER EQUITY COMPENSATION PLANS

Deferred Unit Plan

At the June 8, 2006 Annual and Special Meeting of Unitholders, the unitholders passed a resolution approving the adoption by the Fund of a deferred unit plan (the "Deferred Unit Plan") which authorized the Board of Trustees to grant awards ("Awards") of deferred units ("Deferred Units") to Trustees and Directors, other than a Trustee or Director who is also an employee of the Fund, the Company or an affiliate of the Fund.

The principal purpose of the Deferred Unit Plan is to enhance the ability of the Fund and the Company to attract and retain independent Trustees and Directors whose training, experience and ability contribute to the effective governance of the Fund, the Company and affiliates of the Fund and to directly align the interests of such independent Trustees and Directors with the interests of unitholders. The Deferred Unit Plan is designed to permit such independent Trustees and Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Fund and the Company.

Under the terms of the Deferred Unit Plan, each Participant may elect to receive all or any portion of the Participant's annual retainer, Chair retainers and meeting fees (other than fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board) in Deferred Units.

Participants are credited with Awards on a quarterly basis. The number of Deferred Units underlying an Award is calculated on the date of grant by dividing the portion of the Participant's fees that are payable to the Participant in units for the current quarter, by the fair market value of the units on the date that the Award is granted. Fair market value is the weighted average trading price of the units on the Toronto Stock Exchange for the five (5) trading days on which the units traded immediately preceding such date.

Each Award will entitle the holder to be issued the number of units designated in the Award and such Awards will be exercisable by the Participant at any time and from time to time at the Participant's option up to but not later than December 31 of the first calendar year commencing after the date a Participant ceases to be a Director or a Trustee.

The Deferred Unit Plan provides that the maximum number of units reserved for issuance from time to time pursuant to Awards shall not exceed a number of units equal to 2% of the aggregate number of issued and outstanding units; plus the number of units issuable upon exchange of outstanding Exchangeable Securities (as defined in the Deferred Unit Plan), if any. The aggregate number of Awards granted to any single Participant shall not exceed 2% of the issued and outstanding units, calculated on an undiluted basis. In addition: (i) the number of units issuable to insiders at any time, under all security based compensation arrangements of the Fund, shall not exceed 10% of the issued and outstanding units; and (ii) the number of units issued to insiders, within any one year period, under all security based compensation arrangements of the Fund, shall not exceed 10% of the issued and outstanding units.

Deferred Unit Plan	Number of securities to be issued upon exercise of deferred units	Weighted-average exercise price of deferred units	Number of securities remaining for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity Compensation Plans approved by unitholders	29,213	\$14.75	936,199

Unit Purchase Loan Program

During the financial year of the Company ended January 31, 2007, the Company issued loans to executive officers in the Canadian operation as part of its long-term incentive program to purchase units under a Unit Purchase Loan Plan ("UPLP"). These loans are non-interest bearing and are repayable from the after tax distributions on the units purchased using such loan proceeds or if the officer sells such units or leaves the Company. The loans are secured by a pledge of such units as presented in the following table. Additional loans may be made on an annual basis. The maximum aggregate amount of the loans under the UPLP is currently limited to \$15,000,000.

	Company Involvement	Largest amount outstanding during the year ended January 31, 2007 (\$)	Amount outstanding as at March 30, 2007 (\$)	Security Purchases during the year ended January 31, 2007 (Units)	Security for indebtedness as at March 30, 2007 (Units)	Amount Forgiven during the year ended January 31, 2007 (\$)
Edward S. Kennedy President & CEO	Loan	\$3,424,073	\$3,360,619	62,760	219,231	0
Léo P. Charrière Executive Vice- President & CFO	Loan	1,344,477	1,297,153	0	83,700	0
Russell J. Zwanka Executive Vice- President, Procurement & Marketing	Loan	1,235,183	1,190,942	0	76,950	0
Michael W. McMullen Executive Vice- President, Northern Canada Retail	Loan	0	1,031,207	0	61,400	0
Scott A. McKay Vice-President & General Manager, Giant Tiger, West	Loan	717,951	692,670	0	45,687	0
Karen J. Milani Vice-President, Human Resources	Loan	608,891	587,443	0	38,700	0
Kenneth M. Claudel Vice-President, Logistics & Supply Chain Services	Loan	431,382	417,055	0	24,300	0
Gerald L. Mauthe Vice-President, Information Services	Loan	421,866	407,502	0	23,895	0
John D. King Vice-President, Finance & Secretary	Loan	383,187	376,112	7,140	24,444	0
		\$8,567,010	\$9,360,703	69,900	598,307	0

Pension Plan Disclosure

The following table shows the estimated annual benefits payable upon retirement of the Canadian officers of the Company under the Company's Pension Plan.

Remuneration	Years of Service			
	10	15	20	25
(\$)	(\$)	(\$)	(\$)	(\$)
125,000	21,250	31,875	42,500	53,125
150,000	25,500	38,250	51,000	63,750
175,000	29,750	44,625	59,500	74,375
200,000	34,000	51,000	68,000	85,000
225,000	38,250	57,375	76,500	95,625
250,000	42,500	63,750	85,000	106,250
300,000	51,000	76,500	102,000	127,500
400,000	68,000	102,000	136,000	170,000
500,000	85,000	127,500	170,000	212,500
600,000	102,000	153,000	204,000	255,000
700,000	119,000	178,500	238,000	297,500
800,000	136,000	204,000	272,000	340,000
900,000	153,000	229,500	306,000	382,500

The previous table reflects the annual benefits payable, under the non-contributory defined benefit pension plan, to officers of the Company at age 60 for the various earnings/service combinations shown. The benefit is not reduced for early retirement at age 60 if the member has 10 years of service as an officer of the Company. The benefits do not include payments from the Canada/Quebec Pension Plan or Old Age Security.

The annual benefit payable is based on 1.7% per year of service of the average of the officer's final three years of remuneration. Remuneration includes base earnings plus bonuses. Upon death, reduced payments continue to the spouse, if applicable. Officers may elect to contribute to the plan to provide for enhanced ancillary benefits.

This table reflects the benefits payable for service as an officer. Various lower benefit formulas apply for service prior to appointment as an officer.

Officers may elect to accumulate their benefits through an alternative defined contribution arrangement. The benefits under this option will be based on the balance accumulated in their defined contribution account.

As of January 31, 2007, Edward S. Kennedy had 17 years total credited service and 16 years credited service as an officer, Léo P. Charrière had 3 years total credited service and 3 years credited service as an officer, Russell J. Zwanka had 1 year total credited service and 1 year credited service as an officer, Scott A. McKay had 2 years total credited service and 2 years credited service as an officer, and Karen J. Milani had 9 years total credited service and 6 years credited service as an officer.

Termination of Employment, Change in Responsibilities and Employment Contracts

Léo P. Charrière joined the Fund and the Company on May 20, 2003. Under the terms of his employment contract, if terminated without cause, he is entitled to severance compensation of 21 months base salary plus a 10% flexible benefit payment.

Russell J. Zwanka joined the Company on August 8, 2005. Under the terms of his employment contract, if terminated without cause, he is entitled to severance compensation of 18 months base salary plus a 10% flexible benefit payment.

Michael W. McMullen joined the Company on February 5, 2007. Under the terms of his employment contract, if terminated without cause, he is entitled to severance compensation of 18 months base salary plus a 10% flexible benefit payment.

Human Resources and Compensation Committee

For the composition of the Human Resources and Compensation Committee of The North West Company Inc. ("the Company"), please see the following section and the section entitled "Corporate Governance – Board Committees".

REPORT ON EXECUTIVE COMPENSATION

The Human Resources and Compensation Committee of the Company is responsible for reviewing and advising on policies and programs for attracting, retaining, developing and motivating employees of the Company. This committee also has the specific mandate to annually review compensation of officers (including the Named Executive Officers), and to make recommendations as necessary to the Board of Directors, which has the final approval in all areas of officer compensation.

In carrying out its mandate, the committee assesses the performance of the Chief Executive Officer on an annual basis against previously established performance objectives. It also reviews the yearly performance recommendations submitted by the Chief Executive Officer for the other officers of the Company.

The committee typically meets three times a year and is composed of five Directors all of whom are independent. The Chief Executive Officer and the Vice-President of Human Resources attend meetings of the committee but are not present for discussions of their own remuneration.

The guiding philosophy of the officer compensation program is a mixture of team and direct responsibility based "pay-for-performance" which provides a tight linkage between investor goals and officer compensation rewards. The total compensation program for officers is composed primarily of three components, namely a base salary, an annual incentive plan and a long-term incentive program. The latter two variable compensation programs are designed to put a significant amount of officer remuneration at risk by being highly dependent upon increases in Company profitability and unitholder value. The Company's total compensation objective is to reward its executives in the upper quartile of the market when upper quartile financial performance is achieved, relative to similar sized, publicly traded entities. Base salaries are targeted at the 50th percentile of market as measured against the appropriate external comparator group. These salaries are reviewed and adjusted periodically against current survey data. Individual salaries are set at an appropriate level based on the officer's experience and proven, or expected, level of performance. Officers would normally be expected to reach the 50th percentile of market within three years.

The second component of total compensation, the annual incentive bonus, is intended to reward officers for the achievement of specific predetermined, yearly financial improvements. Target incentives for executives with overall corporate accountabilities are based 100% on achieving consolidated Earnings before Interest and Taxes (EBIT) targets for the Company's operations as a whole adjusted for cost of capital and specific items. Those executives with accountabilities

solely in the Company's Canadian operations have their incentives based on Canadian EBIT targets adjusted for cost of capital and specific items. Executives with business unit accountabilities have their target incentives primarily focused on the performance of their business units with a small percentage (10-20%) on consolidated EBIT targets for the entire company adjusted for cost of capital and specific items. Maximum incentive payments equal 1.5 times the target incentive.

The final compensation component of the officer compensation program is the long-term incentive program, which is intended to reinforce the officers' commitment to the sustained enhancement of both profitability and unitholder value. This objective is achieved through the Unit Purchase Loan Plan which provides upfront, limited recourse interest-free loans to officers, to purchase units.

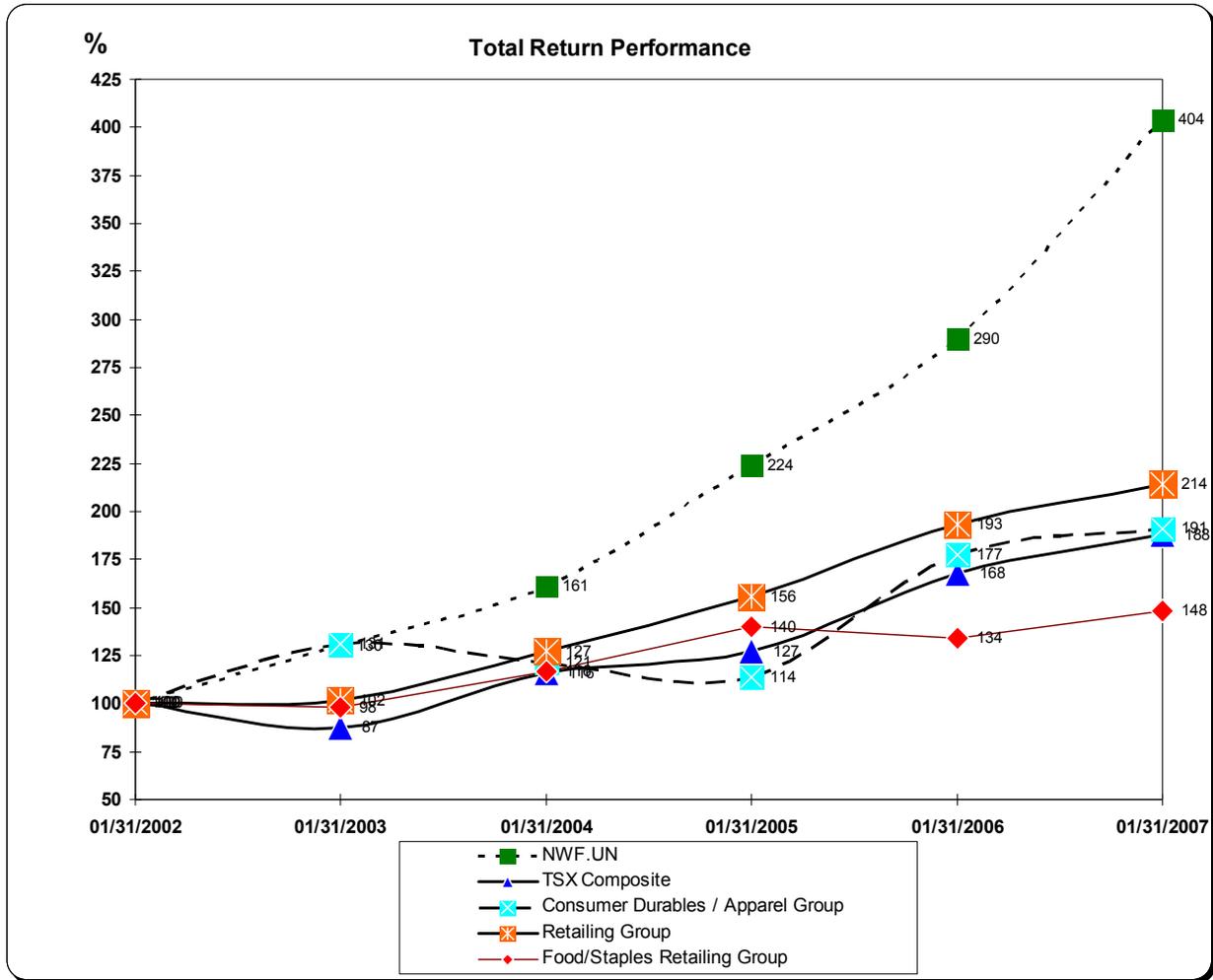
In arriving at its recommendations, this committee has access to compensation information from the retail industry and other employers with whom the Company may compete for resources. An external consultant worked with the Human Resources & Compensation Committee to undertake a detailed competitive analysis of total cash compensation for officers as part of the development of the long-term incentive program. The services of the external consultant continue to be used to gather comparative market data.

Submitted by the Human Resources and Compensation Committee of the Board of Directors:

H. Sanford (Sandy) Riley (Chair)
Frank J. Coleman
Gary J. Lukassen
R.J. (Bob) Kennedy
Wendy F. Evans

PERFORMANCE GRAPH

Set out below is a comparison of the cumulative total return between the Fund, with the TSX Composite, Consumer Durables/Apparel Group, Retailing Group and Food/Staples Retailing Group from January 31, 2002 to January 31, 2007.



	Jan. 02	Jan. 03	Jan. 04	Jan. 05	Jan. 06	Jan. 07	Compound Annual Growth
The Fund	100	130	161	224	290	404	32.2%
TSX Composite	100	87	116	127	168	188	13.4%
Consumers Durables/ Apparel Group	100	131	121	114	177	191	13.8%
Retailing Group	100	102	127	156	193	214	16.5%
Food/Staples Retailing Group	100	98	116	140	134	148	8.2%

Note: Assumes \$100 invested January 31, 2002 in the Fund, the TSX Composite, Consumer Durables/Apparel Group, Retailing Group and Food/Staples Retailing Group. Fund distributions are reinvested on the ex-distribution date. The above referenced indices already incorporate distribution reinvestment.

COMPENSATION OF TRUSTEES AND DIRECTORS

Directors who are not officers or employees of the Company are entitled to a quarterly fee of \$5,000, a fee of \$1,000 per meeting of the Board attended, a fee of \$1,000 per committee meeting attended and a quarterly fee of \$1,500 for each Board committee on which the Director serves as Chair, with the exception of the Chair of the Audit Committee who receives \$2,500 to serve as Chair. The Chairman of the Board is paid a quarterly fee of \$20,000. As the members of the Board of Directors and the Board of Trustees are the same individuals, the fees also include remuneration for the role of Trustees.

Total Directors'/ Trustees' fees for the financial year of the Company ended January 31, 2007, amounted to \$430,536.

INDEBTEDNESS OF TRUSTEES, DIRECTORS, AND EXECUTIVE

None of the Trustees or officers of the Fund, nor any of the Directors or officers of the Company, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to the Fund or the Company at any time since January 29, 2006, the beginning of the most recently completed financial year of the Company except as previously outlined above under "Officers' and Senior Managers' Unit Purchase Loan Plan".

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, no informed person (within the meaning of applicable securities laws) of the Fund and no proposed nominee for election as a Trustee or Director, or any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of most recently completed financial year of the Fund and the Company or in any proposed transaction which has materially affected or would materially affect the Fund, the Company or any of their subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

The Trustees are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any Trustee, or Director or senior officer of the Company, anyone who has held office as such at any time since the beginning of the financial year of the Company and the Fund beginning January 29, 2006, any proposed nominee for election as a Trustee or Director, or their respective associates or affiliates, in any matter to be acted on at the Meeting except as disclosed herein.

APPOINTMENT AND REMUNERATION OF AUDITORS

The Declaration of Trust provides that the unitholders shall appoint the auditors of the Fund and the Company at each Annual Meeting of the Unitholders of the Fund.

The auditors of the Fund and the Company are PricewaterhouseCoopers LLP, Chartered Accountants. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, Winnipeg, as auditors of the Fund and the Company and to authorize the Trustees to fix the remuneration of such auditors.

On the recommendation of the Audit Committee, the Trustees propose that PricewaterhouseCoopers LLP be reappointed as auditors of the Fund and the Company. PricewaterhouseCoopers LLP were first appointed as auditors of the Company on June 10, 1987, and as auditors of the Fund as of January 31, 1997.

For information regarding the Audit Committee of the Fund, please see the 2006 Annual Information Form dated April 20, 2007 as filed on www.sedar.com and on the Company's website www.northwest.ca.

Fees paid to the external auditors in the past two years with respect to services provided to the Fund and the Company were:

	2006	2005
Audit fees	\$337,808	\$283,882
Audit related fees ⁽¹⁾	12,297	12,297
Tax fees ⁽²⁾	257,825	253,342
Other fees ⁽³⁾	11,962	19,441
Total	\$619,892	\$568,962

⁽¹⁾ Audit related fees include store audit procedures, review of procedures for the Fund and confirmation of compliance with senior debt covenants.

⁽²⁾ Quarterly tax compliance services and tax planning advice.

⁽³⁾ 2006 Canadian Public Accountability Board fees and advice on the reorganization of the Fund. 2005 CEO and CFO Certification advice and Canadian Public Accountability Board fees.

MANAGEMENT CONTRACTS

The management functions of the Fund and of the Company are not performed to any substantial degree by a person or company other than the Trustees and senior officers of the Fund or the Directors and senior officers of the Company.

PARTICULARS OF MATTERS TO BE CONSIDERED AT THE MEETING

RECEIPT OF FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Fund for the period ended January 31, 2007, together with the Auditor's Report thereon and the Management's Discussion & Analysis in respect thereof, are contained in the 2006 Annual Report of the Fund and are filed on the SEDAR website, www.sedar.com and on the Company's website, www.northwest.ca and will be presented at the Meeting.

ELECTION OF TRUSTEES OF THE FUND

Section 8.1 of the Declaration of Trust provides for a Board of Trustees consisting of a minimum of seven Trustees and a maximum of eleven Trustees.

It is proposed that the number of Trustees to be elected at the meeting be ten, all of whom shall hold office until the next Annual Meeting of the Unitholders of the Fund or until his or her earlier removal or resignation. All of the individuals listed under the heading "Trustees" have indicated their willingness to serve as a Trustee in addition to their roles as Directors.

Information given herein with respect to each of the current Trustees and the proposed Trustees is based upon information furnished to the Fund by each such individual.

The table below states the names of all the persons who are currently Trustees and all persons who are proposed to be nominated for election as Trustees, all other positions and offices within the Company and the Fund now held by them, their principal occupation or employment and the approximate number of units beneficially owned, directly or indirectly, or subject to control or direction by each of them.

Proposed Trustees

Name, Municipality of Residence and Principal Occupation	Trustee Since	Units Beneficially Owned or Subject to Control or Direction	Deferred Unit Rights ⁽²⁾
David G. Broadhurst ⁽¹⁾ Toronto, Ontario President, Poynton Investments Limited	1997	15,000	3,285
Frank J. Coleman Corner Brook, Newfoundland and Labrador President & Chief Executive Officer, Coleman Group of Companies	2005	121,500	831
Wendy F. Evans ⁽¹⁾ Toronto, Ontario President, Evans and Company Consultants Inc.	2005	4,500	3,226
R.J. (Bob) Kennedy Winnipeg, Manitoba Chief Executive Officer, WiBand Communications Corp.	2005	6,000	3,329
Edward S. Kennedy Winnipeg, Manitoba President & Chief Executive Officer, The North West Company Inc.	2005	423,352	0
Gary J. Lukassen ⁽¹⁾ Mississauga, Ontario Corporate Director	2005	14,250	3,097
Keith G. Martell ⁽¹⁾ Saskatoon, Saskatchewan Chairman, First Nations Bank of Canada	2005	6,000	1,488
James G. Osborne ⁽¹⁾ Winnipeg, Manitoba Chairman, Westgate Capital Management Corp.	2005	195,000	1,017
H. Sanford (Sandy) Riley Winnipeg, Manitoba President & Chief Executive Officer, Richardson Financial Group Limited	2005	10,000	3,966
Ian Sutherland Oro Medonte, Ontario Chairman, The North West Company Inc.	1997	997,700	8,974

(1) = Member of Audit Committee.

Prior to 2005, the Fund only had three Trustees.

(2) Deferred Units granted under the Deferred Unit Plan (see Securities Authorized Under Equity Compensation Plans)

The Trustees have beneficial ownership of an aggregate of 1,793,302 units or 3.7% of the outstanding units of the Fund.

The Fund has an Audit Committee which reports directly to the Board of Trustees. The Company has three other committees; the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, and the Pension Committee that report directly to the Board of Directors of the Company.

The reporting structure of the various committees, to the Fund, or to The North West Company Inc. is in a transition state subsequent to the reorganization on April 30, 2006, of the Fund and The North West Company Inc., whereby all of the committees will ultimately report to the Fund.

Record of Meeting Attendance by Trustees

(For the 12 months ended January 31, 2007)

The following table summarizes the attendance of the current Trustees for meetings for the financial year of the Company ended January 31, 2007. Committee membership is subject to change on an annual basis after the Annual General Meeting of Unitholders of the Fund. The table below reflects the number of meetings that a Trustee attended for the period of time they were a member of that committee.

Trustee	Trustee Meetings	Audit Committee Meetings
Frank J. Coleman	5 of 5	-
R.J. (Bob) Kennedy	5 of 5	-
Edward S. Kennedy ⁽¹⁾	5 of 5	-
Gary J. Lukassen	5 of 5	5 of 5
Keith G. Martell	5 of 5	5 of 5
James G. Osborne	5 of 5	5 of 5
H. Sanford (Sandy) Riley	5 of 5	-
Wendy F. Evans	5 of 5	5 of 5
David G. Broadhurst	5 of 5	5 of 5
Ian Sutherland ⁽¹⁾	5 of 5	-

“-“ means not a member of that committee

⁽¹⁾ The Chairman of the Board and President & Chief Executive Officer attend audit committee meetings in an ex officio capacity.

At the meeting, unitholders will be asked to consider, to pass, a resolution electing each person named as proposed Trustees as Trustees to hold office until the next Annual Meeting of Unitholders of the Fund, or until his or her earlier resignation or removal.

The persons named in the enclosed form of proxy intend to vote for the election of the nominees set forth in table above as Trustees, unless unitholders specify in such proxy that their units are to be withheld from voting in the election of Trustees or voted otherwise.

ELECTION OF DIRECTORS OF THE COMPANY

The Company is a wholly owned subsidiary of the Fund. Pursuant to the Declaration of Trust, a resolution of the unitholders binds the Trustees with respect to the election of the Directors. The articles of the Company provide for a Board consisting of a minimum of eight Directors and a maximum of fifteen Directors. The number of Directors presently in office is ten. The information given herein with respect to each of the Directors is based upon information furnished to the Company by each Director.

Unitholders of the Fund will be asked to consider and, if deemed advisable, to pass a resolution directing the Trustees to elect the ten individuals identified in the table below as Directors until the next Annual Meeting of the Unitholders of the Fund, or until his or her earlier resignation or removal. The following table states the names of all the persons proposed to be appointed by the Trustees as Directors, all other positions and offices within the Company and the Fund now held by them, their principal occupation or employment, the committees of the Board on which they are members, their municipality of residence, the year in which they became Directors and the number of units of the Fund beneficially owned, directly or indirectly or subject to control or direction by each of them as at April 20, 2007.

Proposed Directors

Name, Municipality of Residence and Principal Occupation	Director Since	Units Beneficially Owned or Subject to Control or Direction	Deferred Unit Rights ⁽⁴⁾
David G. Broadhurst ⁽³⁾ Toronto, Ontario President, Poynton Investments Limited	2005	15,000	3,285
Frank J. Coleman ^{(2) (3)} Corner Brook, Newfoundland and Labrador President & Chief Executive Officer, Coleman Group of Companies	1999	121,500	831
Wendy F. Evans ⁽²⁾ Toronto, Ontario President, Evans and Company Consultants Inc.	2005	4,500	3,226
R.J. (Bob) Kennedy ^{(1) (2)} Winnipeg, Manitoba Chief Executive Officer, WiBand Communications Corp.	2003	6,000	3,229
Edward S. Kennedy Winnipeg, Manitoba President & Chief Executive Officer, The North West Company Inc.	1996	423,352	0
Gary J. Lukassen ⁽²⁾ Mississauga, Ontario Corporate Director	1987	14,250	3,097
Keith G. Martell ⁽¹⁾ Saskatoon, Saskatchewan Chairman, First Nations Bank of Canada	2000	6,000	1,488
James G. Osborne ⁽³⁾ Winnipeg, Manitoba Chairman, Westgate Capital Management Corporation	1987	195,000	1,017
H. Sanford (Sandy) Riley ^{(1) (2)} Winnipeg, Manitoba President & Chief Executive Officer, Richardson Financial Group Limited	2003	10,000	3,966
Ian Sutherland Oro Medonte, Ontario Chairman The North West Company Inc.	1978	997,700	8,974

(1) Member of Corporate Governance and Nominating Committee.

(2) Member of Human Resources and Compensation Committee.

(3) Member of Pension Committee.

(4) Deferred Units granted under the Deferred Unit Plan (see Securities Authorized Under Equity Compensation Plans)

All of the above-named persons have held their present positions or other executive positions with the same or associated firms or organizations during the past five (5) years, except as follows:

On December 8, 2005, Wendy F. Evans who is President of Evans and Company Consultants Inc., became a Trustee and a Director. In 1987 she formed Evans and Company Consultants Inc., which provides marketing, financial and management services. Ms. Evans is an Adjunct Professor in the School of Retail Management at Ryerson University. She led the retail portion of the "Doing Business in the United States" research at the National Centre for Management Research and Development. Ms. Evans is a Director on the Board of Sun Life Financial Trust, and has served on the Advisory Board of the Ontario Retail Sector Strategy.

On June 9, 2005 David G. Broadhurst, who is President of Poynton Investments Limited became a Director. He was President and C.O.O. of Reeve Court Insurance Limited (Bermuda) from 1998 to 2001; Investment Banker with First Marathon Securities Limited from 1996 to 1998. Previously he spent his entire career with PriceWaterhouse Canada retiring in 1996 as the Senior Tax Partner. Mr. Broadhurst has been a Trustee since 1997.

On May 29, 2003 R.J. (Bob) Kennedy, became a Director. Presently, Mr. Kennedy is the Chief Executive Officer of WiBand Communications Corporation, a position he has held since January 1999. He previously held positions as Worldwide Business Development Executive – IBM Corporation – Education and Training in 1998, and Chief Executive Officer – PBSC Computer Training Centres in 1991.

On May 29, 2003, H. Sanford (Sandy) Riley, became a Director. Since 2002, Mr. Riley has been the President & Chief Executive Officer of Richardson Financial Group Limited. He previously held positions as Chairman of Investors Group Inc. from 2001 to 2002, President and C.E.O. of Investors Group Inc. from 1992 to 2001, Chancellor of the University of Winnipeg; Chairman, University of Winnipeg Foundation and is a Director of Molson Coors Brewing Company and of James Richardson & Sons affiliated companies.

If any of the above persons is for any reason unavailable to serve as a Director, the Trustees will elect another person at their discretion.

Additional Disclosure Relating to Trustees and Directors

To the knowledge of the Trustees, except as set forth in the paragraphs below, no proposed Trustee or Director is, or has been in the last ten years, a trustee, director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following:

Mr. James G. Osborne was a Director and founding member along with five others of Futureview Inc., a company that went public in January 2001 on the Winnipeg Stock Exchange using its Keystone Company Program and subsequently became listed on the TSX Venture Exchange. The shares of Futureview Inc. were suspended from trading in 2003 due to the company's failure to complete a required qualifying transaction as required by TSX Venture Exchange policy. The company was wound up in April 2004 after the external public shareholders had been returned 100 percent of their original investment and all corporate liabilities had been paid.

Mr. James G. Osborne was a Director of Jazz Golf Equipment Inc. from prior to it being a Reporting Issuer until October 6, 2006, at which time he resigned due to a disagreement as to corporate strategy being directed by the major shareholder's director appointees. On October 27, 2006, the Board via press release announced approval of the sale of assets to a subsidiary of Ensis Growth Fund Inc., the largest shareholder of Jazz under the Bankruptcy and Insolvency Act, subsequently Court approved on November 22, 2006. The shares ceased trading on January 5, 2007.

Mr. Gary J. Lukassen was a Director of Stelco Inc. from June 2002 until March 31, 2006. On January 29, 2004 Stelco Inc. filed for and was granted Court protection under the Companies' Creditors Arrangement Act ("CCAA"). Stelco Inc. emerged from Court protection under the CCAA on March 31, 2006.

Mr. R.J. (Bob) Kennedy was a Director and officer of WiBand Corporation. In December 2001, WiBand Communications Corp. was sold to OA Group Inc. an issuer listed on the TSX Venture Exchange. Shares were exchanged and the shareholders of WiBand Communications Corp. received shares in OA Group Inc. As a condition of the share exchange, Mr. Kennedy was to be included on the management slate of the Board of Directors of OA Group Inc. He was elected to the Board of Directors OA Group Inc. on June 20, 2002. Upon seeing the financial condition of OA Group Inc. Mr. Kennedy resigned on July 8, 2002. OA Group Inc. went into receivership on July 15, 2002. Mr. Kennedy bought certain assets from the receiver and continues the business under the WiBand name.

Mr. R. J. (Bob) Kennedy was a Director of Jazz Golf Equipment Inc. In 2006, Jazz Golf Equipment Inc., a company listed on the TSX Venture Exchange filed a proposal under the Bankruptcy Act to sell its assets to Ensis Corporation to become a private company. Under the proposal, all creditors were to be satisfied. Mr. Kennedy resigned on November 22, 2006 from the Board. Jazz Golf Equipment Inc. was de-listed from the TSX Venture Exchange.

No current or proposed Trustee or Director has, within the ten years preceding the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Trustee or Director.

The information set forth above and the information relating to the beneficial ownership and/or control of units by the Trustees, not being within the direct knowledge of management of the Fund, has been provided to the Fund by the persons referenced in the preceding paragraphs.

Record of Meeting Attendance by Directors

(For the 12 months ended January 31, 2007)

The following table summarizes attendance of current Directors at the Company's Board and committee meetings for the financial year of the Company ended January 31, 2007. Committee

membership is subject to change on an annual basis after the Annual General Meeting. A member of a committee in the last half of the year may not have been a member of that committee in the first half of the year and thus are shown as having attended all of the meetings for the period in which they were members.

Board Member	Board	Corporate Governance & Nominating	Human Resources & Compensation	Pension
David G. Broadhurst	5 of 5	-	-	3 of 3
Frank J. Coleman	5 of 5	-	3 of 3	3 of 3
Wendy F. Evans	5 of 5	-	3 of 3	-
R.J. (Bob) Kennedy	5 of 5	3 of 3	3 of 3	-
Edward S. Kennedy ⁽¹⁾	5 of 5	-	-	-
Gary J. Lukassen	5 of 5	-	3 of 3	-
Keith G. Martell	5 of 5	3 of 3	-	-
James G. Osborne	5 of 5	-	-	3 of 3
H. Sanford (Sandy) Riley	5 of 5	3 of 3	3 of 3	-
Ian Sutherland ⁽¹⁾	5 of 5	-	-	-

“-“ means not a member of that committee

⁽¹⁾ The Chairman of the Board and the President & Chief Executive Officer normally attend all committee meetings on an ex officio basis. Other Directors will also often attend committee meetings on the same basis.

At the meeting, unitholders will be asked to consider and, if deemed advisable, to pass, a resolution directing the Trustees to elect the persons named as proposed Directors to hold office as Directors until the next Annual Meeting of the Unitholders of the Fund, or until their earlier resignation or removal.

The persons named in the enclosed form of proxy intend to vote for the resolution electing the proposed Directors as Directors, unless unitholders specify in such proxy that their units are to be withheld from voting on such resolution.

APPROVAL OF AUDITORS

At the meeting, the unitholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution appointing PricewaterhouseCoopers LLP as the auditors of the Fund and the Company for the ensuing year and to authorize the Trustees and Directors to fix the remuneration of the auditors.

"BE IT RESOLVED as an ordinary resolution of the unitholders, that PricewaterhouseCoopers LLP is appointed as auditors of the North West Company Fund (the "Fund") and the North West Company Inc. (the "Company") for the ensuing year until the next Annual Meeting of Unitholders of the Fund and the Trustees of the Fund and the Directors of the Company are hereby authorized to fix the remuneration of the auditors."

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Fund's statement of corporate governance practices is set forth in Appendix "A" to this Information Circular.

UNITHOLDER RELATIONS AND FEEDBACK

The Executive Vice-President and Chief Financial Officer of the Fund is responsible for investor relations and ensures that questions and concerns receive prompt responses.

At annual meetings, unitholders are encouraged to ask questions of the Trustees of the Fund and the Directors and officers of the Company. In addition, a 24-hour listen line with an 800 number (1-800-563-0002) and an e-mail address (investorrelations@northwest.ca) provide unitholders with the ability to direct questions to the Fund and the Company. A web site (www.northwest.ca) provides unitholders with access to recent press releases, quarterly reports and general information on the Company and the Fund. Quarterly conference calls are held with analysts, investors and interested persons. Phone and fax numbers and the Company's web site address are printed on all Company and Fund reports.

BOARD EXPECTATIONS OF MANAGEMENT

The Board holds management responsible for the achievement of goals set out in strategic plans. It also requires management to report on their progress on a timely, accurate and relevant basis to enable effective evaluation of performance.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Fund will provide to any unitholder, upon request to its Secretary, a copy of:

- (i) its most recent Annual Information Form together with any document or pertinent pages of any document incorporated therein by reference;
- (ii) its audited comparative Consolidated Financial Statements for its last fiscal year together with the Auditor's Report thereon as well as its Management's Discussion & Analysis;
- (iii) its most recent Information Circular;
- (iv) any material change reports (other than confidential reports) which have been filed with the various securities regulatory authorities.

Financial information regarding the Fund and the Company is contained in the Fund's annual consolidated financial statements and management's discussion and analysis report available on SEDAR at www.sedar.com or on the Company's website at www.northwest.ca.

OTHER MATTERS

The Trustees know of no other matter to come before the meeting other than the matters referred to in the Notice of Annual Meeting; however, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

The contents of this Information Circular and the sending thereof have been approved by the Trustees.

By Order of the Trustees

"J. King"

John D. King
Vice-President, Finance
& Secretary
Winnipeg, Manitoba
April 20, 2007

APPENDIX "A"
CORPORATE GOVERNANCE
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

As at April 30, 2006 the Fund and the North West Company Inc. completed a reorganization whereby The North West Company Inc. transferred its operating assets and the operating assets of Tora Western Canada Limited to a limited partnership. The use of the term "the Company" may refer to either the Fund and its subsidiaries or The North West Company and its subsidiaries or to the company as a whole and is used interchangeably to describe the individual entity in context of the statement being made.

The Fund and The North West Company are committed to the highest standards of corporate governance. The Board of Directors, the Trustees and each of their committees have continued to refine the Fund's and the Company's governance policies and practices in light of regulatory initiatives in Canada that have been adopted to improve corporate governance.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101) and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") were adopted in Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. In addition, the Company is subject to Multilateral Instrument 52-110 *Audit Committees* ("52-110"), which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

Reference to the "Board" includes the Board of Directors of the Company or the Board of Trustees of the Fund. All Trustees of the Fund are also Directors. All references to duties, responsibilities and accountabilities of Board members also accrue to their role as Trustees.

The corporate governance practices of the Fund, the Company and the other operating entities are similar and are set out below.

Ethical Business Conduct:

The Board has adopted a Code of Conduct that governs the behavior of its Directors, Trustees, senior management and employees. It is designed to ensure that Directors, Trustees, management and employees use independent judgment in considering transactions and agreements in respect of which an individual may have a material interest, and describes other steps taken to encourage and promote a culture of ethical business conduct. A copy of the code can be obtained by contacting the Secretary of the Company.

Board Mandate:

The general mandate of the Board is to supervise the management of the Company's business and affairs and to act in the Company's best interests and to exercise the care, skill and diligence that a reasonably prudent person would exercise in comparable circumstances. In doing so, the Board acts in accordance with:

- the Fund's Declaration of Trust
- the Company's articles of incorporation and by-laws
- written mandates of the Board, Trustees and Board committees
- the Company's Code of Ethics and other internal policies

As part of its overall stewardship responsibilities, the Board is responsible for the following matters:

(a) Adoption of a Strategic Planning Process

The Board discusses and reviews all materials relating to the strategic plan with management.

The Board is responsible for reviewing and approving the strategic plan and operating and capital budgets.

The majority of time spent in one Board meeting annually is devoted to the discussions and consideration of the strategic plan. The Board receives quarterly updates on the strategic plan and major initiatives.

Management requires the Board's approval for any transaction that would have a significant impact on the strategic plan.

(b) Risk Management:

The Board is responsible for identifying the principle risks of the Company and ensures that risk management systems are implemented.

The Board reviews risks associated with the environment, the Company's industry, consumer income and community relations.

The Board, through the Audit Committee:

- reviews risks related to financial and accounting risks.
- reviews and recommends for approval, the external auditor.
- reviews and ensures the integrity of the Company's internal control and management information systems.
- meets to review reports and discuss significant risk areas with the internal and external auditors.

(c) Human Resources and Compensation (including the President and Chief Executive Officer)

The Board is responsible to:

- Appoint the President & Chief Executive Officer ("CEO").
- Review and approve the compensation programs for senior management including the Unit Purchase Loan Plan and the Executive Annual Incentive Plan.
- Evaluate performance of (i) the CEO; and (ii) each officer who reports to the CEO taking into account evaluations provided by the Human Resource and Compensation Committee.

- Review and approve compensation of the Chair of the Board, Chairs of the Board Committees and of each Director taking into account the recommendations of Corporate Governance and Nominating Committee.
- Succession planning, which includes appointing, training and monitoring senior management.

(a) Communications and Disclosure

- The Board approves all of the Company's major communications, including: i) quarterly and annual financial statements and accompanying management's discussion & analysis; ii) annual report; iii) annual information form; iv) annual and quarterly press releases; v) annual notice of meeting; and vi) management information circular and proxy form considering recommendations of the Audit Committee.
- The Company communicates with its unitholders through a number of channels including its web site.
- The Board approved the Policy on Public Communication and Continuous Secondary Market Disclosure that covers the accurate and timely communication of all important information. Unitholders can provide feedback to the Fund in a number of ways, including e-mail or calling toll-free 1-800-563-0002.

(b) Corporate Governance

- The Board, through its Audit Committee, examines the effectiveness of the Company's internal control system, including information technology security and control. The Audit Committee understands the scope of internal and external auditor's review of internal control over financial reporting and obtains reports on significant findings and recommendations together with management's responses.
- The Board meets at least once each fiscal quarter, with additional meetings as required. Each Director has a responsibility to attend and participate in the Board meetings.
- The Corporate Governance and Nominating Committee is responsible for considering and recommending nominees for election to the Board. This committee is also responsible for establishing procedures to evaluate the Board and each Director and overseeing such evaluation. In considering nominees for election to the Board, the Corporate Governance and Nominating committee takes into account geographic diversity and considers the primary markets in which the Company operates as well as the appropriate expertise and background to contribute to the support of the Company's strategy and operations. All of the members of the Corporate Governance and Nominating Committee are outside and unrelated Directors.
- The Corporate Governance and Nominating Committee is responsible for reviewing annually the structure and mandates of each Board committee (including this committee) and assessing the effectiveness of each Board committee. In addition, suggestions regarding the appointment of new Directors and issues regarding Board

performance have also been raised and have been regularly explored at meetings of the Board. It is also the responsibility of the Chair of the Board to ensure effective operation of the Board and to ensure the Board discharges its responsibilities.

- The Corporate Governance and Nominating Committee reviews how Directors are compensated for serving on the Board and its committees and recommends any changes to the Board. In this regard, the committee compares the Directors' compensation to that of similar companies.

In addition to those matters which must by law be approved by the Board, the Board reviews and approves dispositions, acquisitions or investments which are outside the ordinary course of business of the Company.

The Board also reviews the recommendations of the Corporate Governance and Nominating Committee as to the adequacy and form of compensation of the Directors to ensure that compensation realistically reflects the responsibility and risks involved in being an effective Director and that required to recruit new Directors by reference to independent compensation surveys.

The Board also approves changes in senior management. The Directors have access to management and the Company's advisors in order to assist in their understanding of proposed Board actions and the implications of voting for or against such actions.

In fulfilling the Mandate the Board has access to the Company's management as well as advisors to the Company, which assists them in the understanding of proposed Board actions and implications of voting for or against such actions.

The size of the Board has enabled it to be extremely flexible with regard to scheduling meetings, including unplanned meetings which are called to review new opportunities. The Board is thus able to act quickly and remain well informed at all times. The Company's management has been able to liaise regularly with the Board in seeking approval for any activities outside the normal course of business.

Orientation and Continuing Education:

New Directors and Trustees are given the opportunity to individually meet with senior management to improve their understanding of the Fund's and the Company's operations and tours are arranged of several of the Company's key operations for the new Directors and Trustees. New Directors and Trustees are also provided with a reference binder that contains information on the Company's organizational structure, the structure of the Board and its committees, Company policies, articles and by-laws as well as Board materials for the preceding 12 months. On an ongoing basis, presentations are delivered on various aspects of the Company's activities and functions. In addition, regardless of whether a meeting of the Board is scheduled, all Directors regularly receive information on the Company's operations including a report from the CEO, a report on corporate development activities, operations reports, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between meetings.

Composition of the Board of Directors / Board of Trustees

The Company's Board currently consists of ten Directors and the Fund's Board currently consists of ten Trustees; with each individual being both a Trustee and a Director. The members of both the Board of Trustees and the Board of Directors, being the same individuals, have determined that the combined number of Trustees and Directors to be elected at the Annual General Meeting will be ten each. The Board feels that this size is more appropriate for a company this size and believes that the range of expertise and skills facilitate Board effectiveness.

- (a) Of the ten Board members, the following are independent Directors/Trustees within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices ("independent"). Ian Sutherland, David G. Broadhurst, Frank J. Coleman, R.J. (Bob) Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne, H. Sanford (Sandy) Riley, Wendy F. Evans.
- (b) Edward S. Kennedy, the President & CEO of the Fund and the Company, is not independent.
- (c) Of the ten Board members nine are independent.
- (d) The following Directors/Trustees are also Directors/Trustees of other reporting issuers as follows,

David G. Broadhurst	- MCAN Mortgage Corporation
	- Arriscraft International Income Fund
Frank J. Coleman	- Fishery Products International Ltd.
Wendy F. Evans	- Sun Life Financial Trust
Gary J. Lukassen	- Abitibi Consolidated Inc.
	- Spinrite Income Fund
H. Sanford (Sandy) Riley	- Molson Coors Brewing Company
Ian Sutherland	- MCAN Mortgage Corporation
	- Renasant Financial Partners Ltd.
	- Strongco Income Fund
Keith G. Martell	- First Nations Bank of Canada
- (e) At all regularly scheduled Board and committee meetings, the independent Directors meet separately from management.
- (f) In order to ensure that the Board can function independently from management, the Company has separated the roles of Chair and CEO. The Chair is held by Mr. Ian Sutherland who is independent and the CEO is Mr. Edward Kennedy.
- (g) All Directors have attended all Board meetings held within the time that they were directors. Attendance statistics are contained in the Management Information Circular.
- (h) Individual Directors may, with the consent of the Chair of the Corporate Governance and Nominating Committee, engage outside advisors at the expense of the Company.
- (i) Committees of the Board are authorized by the Board from time to time, and as appropriate, to retain outside advisors at the Company's expense.

Position Descriptions:

- (a) It is the responsibility of the Chair of the Board to ensure effective operation of the Board and to ensure that the Board discharges its responsibilities.
- (b) It is the responsibility of each Chair of each committee to ensure effective operation of the committee and to ensure that each committee discharges its responsibilities.
- (c) A position description has been developed for the CEO. The Human Resources and Compensation Committee is responsible for reviewing and approving the corporate objectives (financial and personal) which the CEO is responsible for meeting. This committee also conducts the annual assessment of the CEO's performance against these objectives. The results of the assessment are reported to the Board.

Committees of the Board:

The Board of Trustees and the Board of Directors have four committees who oversee the activities of both the Fund and the Company. The Chair of the Board is an ex officio member of all committees of the Board, subject to the limitations set out in the Company's by-laws.

Audit Committee:

- The Audit Committee has five members. All members are independent. The committee met five times in 2006 and all members attended according to their time on the committee. Under the terms of the Audit Committee mandate, the committee is responsible for, among other things, reviewing the Company's financial reporting procedures, internal controls, recommending the appointment of the external auditors as well as reviewing the performance of the Company's external auditors.
- The Audit Committee also establishes the external auditor's compensation. Prior approval of any non-audit related services is required.
- The Audit Committee is also responsible for reviewing the quarterly and the annual financial statements and related news releases, as well as Management's Discussion & Analysis of Financial Results prior to their approval by the Board.
- The Audit Committee reviews management's report on compliance with the Company's Code of Conduct policy.
- The Company has an internal Auditor who reports regularly to the Audit Committee.
- The Audit Committee is composed only of unrelated and independent Directors.
- All of the members of the Audit Committee are financially literate.
- The Audit Committee has direct communications channels with the internal and external auditors to discuss and review specific issues as appropriate.
- The Audit Committee mandate is reviewed by the Board at least annually.
- The Audit Committee meets with the Company's external and internal auditors absent management at least once per year.

- The Audit Committee mandate is presented in the Annual Information Form of the Fund as filed on SEDAR at www.sedar.com.

Human Resources and Compensation Committee:

- The Human Resources and Compensation Committee has five members. All members are independent. The committee met three times and all members attended.
- The Human Resources and Compensation Committee makes recommendations to the Board on, among other things, executive compensation, the compensation of the CEO, and reviews other aspects of executive compensation, such as the Company's unit compensation plans. The committee reviews and approves the total compensation philosophy of the company and the key elements of the program design. The Human Resources and Compensation Committee also insures that the Company complies with corporate and securities legislation with respect to executive compensation disclosure in the Annual Information Circular.
- The Human Resource and Compensation Committee is permitted, without any separate approval being required, to retain consulting firms at the expense of the Company, to assist the committee in the evaluation of the CEO and other executive Officers and in setting executive compensation.

Pension Committee:

- The Pension Committee has three members and met three times in 2006. All of the members are independent. The Pension Committee is responsible for overseeing matters relating to the investment policies, actuarial valuations, regulatory requirements, employee communications and performance of the Company's pension funds.

Corporate Governance and Nominating Committee:

- The Corporate Governance and Nominating Committee has three members who are independent. The committee met three times in 2006 and all members attended.
- The committee recommends to the Board the size and composition of the Board and its committees, identifies and recommends suitable director candidates, sets Director's compensation and surveys and evaluates Board performance.
- The Corporate Governance and Nominating Committee is responsible for developing and recommending to the Board a set of corporate governance principles applicable to the Company. This committee also monitors compliance with any rules, regulations, procedures or guidelines promulgated by regulatory authorities having jurisdiction over the Company (including applicable stock exchanges) relating to corporate governance. The Board is responsible for reviewing and approving the set of corporate governance principles recommended by the Corporate Governance and Nominating Committee.